

INTRODUCTION

This Guide provides information to PAEs, OMHAR and HUD's Multifamily Hubs and Program Centers on the Mark-to-Market (M2M) program. It reflects the M2M statutory and regulatory requirements and OMHAR's expectations, standards, and requirements that should ideally be followed in the review and processing of projects in M2M.

OMHAR and its PAEs must always adhere to the statutory and regulatory requirements, absent the waiver of a regulatory requirement, and the legal requirements for closing must be met. (All participants should become familiar with these requirements.) In addition, all participants must seek to meet the goals of this program, as set forth in Chapter 1, notably:

- Preserving the affordable housing stock by maintaining the long-term physical and financial integrity of such housing
- Reducing Section 8 rental assistance costs and the cost of FHA insurance claims

However, participants should ***not*** seek strict compliance with the more narrow requirements of this Guide where an alternative that meets program goals exists for an individual transaction.

In accordance with the Portfolio Restructuring Agreements, PAEs will be guided by Appendix V. OMHAR staff should be cognizant of that guidance in their discussions about, and reviews of, individual transactions. (Please note that OMHAR believes that there is no conflict between the new Appendix V and the prior version, and that no additional tasks are imposed by the new Appendix V.)

This new Guide has been designed to address issues that have arisen in the M2M program and increase flexibility and responsiveness of the program to the wide range of circumstances experienced. This Guide has simplified procedures, guidance, and language to improve the M2M process.

We at OMHAR want this Guide to be the best possible resource for all parties in this worthwhile endeavor. We ask that participants advise us if they have difficulty with interpretation of any of the material provided in the Guide. We would also appreciate hearing from you if the Guide should be amended to provide additional assistance in any area. Please address such concerns to the Resource Desk on our Web site who will pass them on to the Underwriting and Finance Division in OMHAR Headquarters.

Applicability of this Guide

All guidance provided herein may be used immediately, (i.e., as of September 29, 2000,) in whole or in part, and should be used in the case of any transaction where it will not require rework on the part of the PAE. Existing third-party contracts (for appraisal and PCA services) need not be amended though new contracts should reflect the revised statements of work. Materials already drafted need not be redone if the transaction can be closed under the prior guidance.